

Annual Company Profile Questionnaire

As of 12/31/2016

Company Name: _____ NAIC#: _____

Contact Person: _____ Signature: _____

E-mail Address: _____ Telephone #: _____

The information provided in this Questionnaire will be kept confidential in accordance with Indiana Code 27-1-3.1-15 & 27-1-23-6.

1. Regarding the Company's Holding Company System, please provide:
 - A. A complete organizational chart including all entities under common management control
 - B. A description of the holding company system's business segments and percent of overall revenue per segment
 - C. Listing of all the insurers within the holding company system along with their respective regulatory jurisdictions using [HCAS-Insurance Company](#).
 - D. Discuss the level of international insurance activities (including branches) for each insurance company or entity.
 - E. List all other legal entities within the holding company system
 - i. with a description of their nature; function and percentage of revenue derived from those entities;
 - ii. indicate whether or not they are regulated by any federal or foreign governmental agencies using the [HCAS-Other Entities](#) ; and
 - iii. disclose any material risks presented by non –insurance entities.
 - F. Briefly describe:
 - i. key strengths and weakness of the holding company system;
 - ii. holding company debt including the terms, maturity schedules, and its ability to meet payments;
 - iii. key prospective risks within the holding company system (including external risks/threats);
 - iv. level of reputational risk that the holding company poses to the Company;
 - v. nature and level of complexity of the holding company system; and
 - vi. brief background and experience of the high-level management of the holding company system.
 - G. Have there been any changes in the holding company system in the past year? If so, please provide a brief description of the changes.
 - H. Discuss the existence of Captive Insurance vehicles within the Holding Company System including:
 - i. Specific purpose and domicile;
 - ii. Type of financial reporting available to or provided to state of domicile; and
 - iii. Risks the captives pose to the holding company system.
 - I. Discuss the use of derivatives and their purpose.
 - i. Are they used for hedging or to enhance investment yield?
 - ii. Discuss the level of collateral held for derivatives contracts; and
 - iii. Discuss the trend of the derivatives balances over the last three years, as well as any concerns.

- J. Please discuss management's assessment of the overall financial condition of the holding company system. The discussion should include references to the holding company system's profitability, shareholder's equity (or equivalent), leverage position and liquidity, noting any negative trends.
- K. Please provide a summary of the most recent A.M. Best presentation, if available.
- L. Please provide a brief summary of future plans. Is the Holding Company considering acquisitions/sales of business units, entering/exiting lines of business, expanding/contracting geographically?

Company's Response:

- 2. Describe the nature of the Company's interdependence on the holding company or affiliated entities for the following:
 - A. Business operations (e.g. employees, services provides)
 - B. Financial stability (e.g. reinsurance and/or capital support in the near term).

Company's response:

- 3. Briefly describe:
 - A. The Company's role within the holding company structure as well as a brief description as to how the role of the Company fits into the structure of the entire group. Also, please provide any planned change to the Company's role within next two year period.
 - B. The Holding company's ability and willingness to infuse additional capital into the Company if necessary, and
 - C. Management's dividend expectations of the Company to assist with holding company initiatives and/or holding company debt service obligations.

Company's response:

- 4. Please provide:
 - A. General locations of the facilities where the Company's operational, administrative and managerial functions are performed; and
 - B. An explanation as to whether these functions are performed by the Company's employees, employees of an affiliated company, and/or third parties.

Company's response:

- 5. Are risks associated with other legal entities considered/identified in the holding company system's enterprise risk management program? If so, were any of these risks material to the holding company system? Please provide explanation of any material risks.

Company's response:

- 6. Were any risks identified (including prospective risks) within the holding company system, for both insurance and other entities, which could have a material adverse impact on the holding

company system? Please provide an explanation for each indentified risk.

Company's response:

7. During the previous year has the Company implemented any new information systems that materially impact financial reporting? If yes, please explain. Are any such projects planned for this year? If yes, please explain.

Company's response:

8. Please:
- A. Briefly describe any benchmarks Management uses to monitor the Company's performance and financial condition. (example: A.M. Best rating, target RBC ratio, and/or other financial ratios);
 - B. Disclose the importance of the current AM Best rating or other financial strength rating to the Company's operations; and
 - C. Disclose the Company's target financial strength rating and any steps to obtain/maintain that rating.

Company's response:

9. Please disclose how the Company's audit committee is compliant with the requirements of 760 IAC 1-78-13.

Company's response:

10. Please:
- A. Identify the primary officers and/or outside advisors who manage the investment portfolio; and
 - B. Describe the Company's overall investment strategy, including primary goals, asset allocation, and portfolio diversification objectives.

Company's response:

11. At a macro level, please briefly explain the Company's underwriting and marketing strategy including a description of its primary products, target market or customer groups and distribution channels. Please disclose the Company's primary competitors and competitive strategy. Also, please disclose any expansion plans, including geographic and products.

Company's response:

12. At a macro level, please briefly describe the Company's ceded and assumed reinsurance programs including the type of business, risk retention, and program objectives.

Company's response:

13. Please briefly explain how the Company adjusts and pays claims including how and by whom the claim reserves are set. Please explain the Company's internal review process for monitoring the adequacy of rates and reserves. Please discuss to what extent the Actuarial Report is utilized in this process.

Company's response:

14. Please briefly describe the Company's use and oversight of Contractors, such as Investment Managers, Third Party Administrators, Managing General Agents and Managing General Underwriters, including whether the entities are affiliated or non-affiliated and the status of licensure in Indiana.

Company's response:

15. Please provide Management's comments as well as mitigation strategy on the following risk classifications as they apply to each Indiana domestic company:

- **Credit**—Amounts actually collected or collectible are less than those contractually due.
- **Market**—Movement in market rates or prices (such as interest rates, foreign exchange rates or equity prices) adversely affects the reported and/or market value of investments.
- **Pricing/Underwriting**—Pricing and underwriting practices are inadequate to provide for risks assumed.
- **Reserving**—Actual losses or other contractual payments reflected in reported reserves or other liabilities will be greater than estimated.
- **Liquidity**—Inability to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses.
- **Operational**—Operational problems such as inadequate information systems, breaches in internal controls, fraud or unforeseen catastrophes resulting in unexpected losses.
- **Legal**—Non-conformance with laws, rules, regulations, prescribed practices or ethical standards in any jurisdiction in which the entity operates will result in a disruption in business and financial loss.
- **Strategic**—Inability to implement appropriate business plans, to make decisions, to allocate resources or to adapt to changes in the business environment will adversely affect competitive position and financial condition.
- **Reputational**—Negative publicity, whether true or not, causes a decline in the customer base, costly litigation and/or revenue reductions.
- **Prospective** – risks that impact future operations of an insurer

